



Targeting Waste • Promoting Efficiency

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SDCTA Adopted City of San Diego Pension Reform Principles

Reduction in City pension costs

- City employees shall be assured a pension plan that promotes retirement security while providing budget savings and greater payment predictability for the City and taxpayers. Components of this plan shall include the following:
 - The creation of a 401(k)-type plan for new hires coupled with either Social Security or an equivalent modest defined benefit plan
 - The City and all employees shall pay a substantially equal share of pension costs, and the employee's obligation shall not be borne by the City
 - Existing employees shall be provided the option to move into the aforementioned lower tier to save on contribution costs, subject to IRS approval
 - Pensions shall be calculated based upon base pay only (no add-ons) for existing employees and new hires
- The City's Deferred Retirement Option Plan (DROP) shall be at least cost-neutral, and reviewed annually to ensure this point
- Calculation of a defined benefit, whether within the original tier or one subsequently created, shall be based upon the highest three consecutive year average of an employee's salary.